

The complaint

Mrs N complains that Revolut Ltd (Revolut) is refusing to refund her the amount she lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs N found an advertisement about investing in cryptocurrency and made an initial investment of £250 using a credit card held at a different bank.

Mrs N then received a call from BCHAdvance (X). X guided Mrs N through the investment process which included opening an account with Revolut and downloading the screen sharing application AnyDesk. X also advised Mrs N what to say if the bank asked her any questions about the payments she was making.

Mrs N spoke to X via Telegram and as X built trust with Mrs N she was convinced to make more and more payments.

Mrs N tells us she started to have concerns about the investment and asked to make a withdrawal but before she could do so she needed to make further payments in relation to the withdrawal process.

Mrs N authorised further payments as requested by X but was unable to withdraw any funds and the Telegram conversation was deleted.

It was clear at this stage that Mrs N had fallen victim to a scam.

The following payments were authorised from Mrs N's Revolut account in relation to the scam using her debit card. The funds in the Revolut account originated from an account Mrs N held at another bank:

Date	Payee	Amount
31 August 2022	Coindeck.com	€5,805.91
12 September 2022	Coindeck.com	€6,820.00
19 September 2022	Coindeck.com	€8,439.39
20 September 2022	Coindeck.com	€6,800.00
21 September 2022	Coindeck.com	€13,000.00
21 September 2022	Coindeck.com	€19,700.00
22 September 2022	Coindeck.com	€13,900.00
23 September 2022	Coindeck.com	€20,000.00
28 September 2022	Coindeck.com	€20,000.00
29 September 2022	Coindeck.com	€20,000.00
30 September 2022	Coindeck.com	€20,000.00
3 October 2022	Coindeck.com	€20,000.00
4 October 2022	Coindeck.com	€20,000.00

6 October 2022	Coindeck.com	€20,000.00
7 October 2022	Coindeck.com	€14,500.00
11 October 2022	Coindeck.com	€20,000.00
12 October 2022	Coindeck.com	€6,500.00
12 October 2022	Coindeck.com	€10,300.00
12 October 2022	Coindeck.com	€5,805.91

Our Investigator considered Mrs N's complaint but didn't think it should be upheld. Mrs N disagreed, so this complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

It has not been disputed that Mrs N has fallen victim to a cruel scam. The evidence provided by both Mrs N and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mrs N lost due to the scam.

Recovering the payments Mrs N made

Mrs N made payments into the scam via her Revolut account using her debit card. When payments are made by card the only recovery option Revolut has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mrs N was dealing with X, which was the business that instigated the scam. But Mrs N didn't make the debit card payments to the scammer directly, she paid a separate cryptocurrency exchange (Coindeck). This is important because Revolut was only able to process chargeback claims against the merchant she paid (Coindeck), not another party.

The service provided by Coindeck would have been to convert or facilitate conversion of Mrs N's payments into cryptocurrency. Therefore, Coindeck provided the service that was requested; that being the purchase of the cryptocurrency.

With the above in mind, I am satisfied that Revolut had no options available to it to recover the payments made in relation to the scam.

Should Revolut have reasonably prevented the payments Mrs N made?

I think it's most likely Mrs N authorised the payments that were made from her account with Revolut, albeit on X's instruction, with pressure from X to continue with the payments. So, the starting point here is that Mrs N is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Revolut should have been aware of the scam and stepped into question Mrs N about the payments she was making. And if it had questioned Mrs N, would it have been able to prevent the scam taking place.

The payments made into the scam from Mrs N's Revolut account varied in value and I think it would have been reasonable for Revolut's fraud prevention systems to have been triggered when the larger value payments were made. But I can't see that Revolut stepped in at all throughout the time the scam was taking place. But even if Revolut had stepped in I don't think it would have made a difference.

When Mrs N opened her account with Revolut with help from X the reason for opening the account was stated as "spend and save daily". But the account was opened for the purpose of this investment specifically.

When Mrs N made payments from an account at another bank into her Revolut account that bank stepped in twice to speak to Mrs N about the payments she was making. During these calls Mrs N confirmed that no one was coercing or pressuring her to make the payments, and that no one had coached her with what to say if the bank questioned her about the payments that were being made.

In addition to this when questioned about what one of the payments was for Mrs N said she was getting a new front door and wanted a different spending method for her holiday. But I can't see that any payments other than those related to the scam were sent from Mrs N's Revolut account around the time this call and transfer took place. In addition to this, Mrs N confirmed to this service in a call that X had told her to say the payment was related to a holiday.

Overall, while I can see this scam has had a major impact on Mrs N I think she had complete trust in X and was taken in by the sophisticated methods X adopted to scam her. Mrs N was willing to follow X's guidance and give false information to process payments in relation to the scam. I'm not convinced Mrs N would have provided more truthful answers had Revolut questioned her about the payments she made from her Revolut account.

With the above in mind, I think it's very unlikely that had Revolut stepped in and questioned Mrs N, that it would have uncovered a scam was taking place.

So, as I don't think Revolut missed an opportunity to uncover the scam, it's not responsible for Mrs N's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 28 February 2024.

Terry Woodham
Ombudsman